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## Ecuador

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SUBJECT Communist Opposition to Shell-Standard Petroleum  
Contract in Ecuadoran Congress  
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SUPPLEMENT TO  
REPORT NO.

1. The Central Committee of the Ecuadorian Communist Party has been devoting its entire attention to the problem of obstructing the negotiations in Congress over the proposed contract submitted by Shell Oil Company of Ecuador, which contains a provision for sharing its rights with Esso Standard Oil Company. Pedro Saad, the Communist spokesman and leader of the opposition in Congress, has proved thus far to be amazingly well-informed on contractual data and statistics of other oil producing countries of Latin America, which appears to indicate that the Communists had prepared in advance for its stand against Shell and Standard.
2. The confidential position of the Communist Party in this dispute is to sabotage the present contract and to force such revisions as would champion the Communist cause. They do not desire a complete refusal of the contract nor the forcing of Shell out of Ecuador, since this would mean the loss of employment to 2,000 workers who would hold the Communists responsible. Saad believes the oil companies should continue their exploration work under such conditions as will permit them to discover oil and build the pipeline. However, he anticipates that by the time the companies are ready to realize returns on their investments the situation in Ecuador will be such that the petroleum industry of Ecuador will be nationalized. Meanwhile, the Communists will gain additional prestige by defending the interests of the country by obtaining a contract that is as favorable as possible for Ecuador without forcing the oil companies to give up their exploration work.
3. Prior to the open debates in Congress on this subject, Saad, Enrique Gil Gilbert, and Roberto Morena, a Brazilian Communist labor leader, held frequent confidential talks with various Deputies and Senators to obtain their support in the Congress. Saad also arrived at a mutual understanding with Manuel Sotomayor y Luna, the Vice President of Ecuador and the President of the Senate, who has openly displayed support for Saad's arguments and extended him special recognition privileges in the Congress. In the event Congress refuses to heed Saad's arguments, the Communists plan to organize a workers' demonstration to protest the action taken.

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